

QUARTERLY INTERNAL AUDIT
REPORT

INTERNAL AUDIT UNIT

A03



KWABRE EAST MUNICIPAL ASSEMBLY



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Mampongeng –Ash.
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FIRST QUARTER INTERNAL AUDIT REPORT
2025

FOR THE QUARTER ENDING 31ST MARCH 2025

INTERNAL AUDIT REPORT 31/03/2025



KWABRE EAST MUNICIPAL ASSEMBLY



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the number and date of letter
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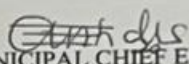
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25th April, 2025

Our Ref No: KEMA.05/10/03
Your Ref. No:.....

SUBMISSION OF INTERNAL AUDIT REPORT FOR THE FIRST QUARTER ENDING 31ST MARCH, 2025

I submit herewith the attached Internal Audit Report for the First Quarter ending 31st March, 2025 for your information and necessary action, please.

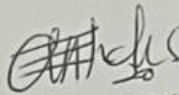

for: MUNICIPAL CHIEF EXECUTIVE
(FRANCIS KYEI)
MUNICIPAL CO-ORD. DIRECTOR

**THE AUDIT COMMITTEE CHAIRMAN
KWABRE EAST MUNICIPAL ASSEMBLY
MAMPONTENG**

Cc: The Director General
Internal Audit Agency.
PMB 31
Accra

The Head of Service
Office of the Head of Local Gov't Service
Accra

The Minister
Ministry of Local Gov't, and Rural Dev't
Accra


MUNICIPAL CO-ORD. DIRECTOR
KWABRE EAST MUNICIPAL ASSEMBLY
MAMPONTENG-ASH.

The Regional Minister
Ashanti Regional Coordinating Council
Kumasi

The Auditor General
Ghana Audit Service
Accra

The Presiding Member
Kwabre East Municipal Assembly
Mampong-Ashanti

The Municipal Chief Executive
Kwabre East Municipal Assembly
Mampong -Ashanti

INTERNAL AUDIT REPORT REFERENCE No. KEMA/IA/QR/01/25**TYPE OF REPORT: INTERNAL AUDIT FINAL REPORT FOR THE FIRST QUARTER, 2025****DEPARTMENT/ SECTIONS/UNITS/KEY FUNCTIONAL AREAS COVERED**

S/No	SECTION	FUNCTIONAL AREARS	AUDIT TEAM
1	HR/PAYROLL MANAGEMENT	ELECTRONIC PAYROLL VOUCHER, EMPLOYEES FILES, APPOINTMENT LETTERS, ASSUMPTION OF DUTIES, HRMIS	JOHN K. N. OKRAH STEPHEN PAMBOUR A. EVANS KODUA T. PHILIP ADU SARFO JOSEPHINE SARFOWAA K.
2	PROCUREMENT/ PROJECT MANAGEMENT	CONTRACT DOCUMENTS, PAYMENT VOUCHERS, AWARD LETTERS etc	
3	QUANTUM OF ARREAS, 2024	SCHEDULE OF LIABILITIES AS 31 DECEMBER, 2024	

DISTRIBUTION OF REPORT

S/NO	TITLE OF RECIPIENT	INSTITUTION
1	THE CHAIRMN	AUDIT COMMITTEE- KEMA
2	THE DIRECTOR GENERAL	INTERNAL AUDIT AGENCY- ACCRA
3	THE HEAD OF SERVICE	OFFICE OF THE HEAD OF LOCAL GOV'T SERVICE- ACCRA
4	THE HON. MINISTER	MINISTRY OF LOCAL GOV'T, DECENTRALISATION AND RURAL DEVELOPMENT- ACCRA
5	THE HON. MINISTER	ASHANTI REGIONAL CO-ORD. COUNCIL – KUMASI
6	THE AUDITOR GENERAL	GHANA AUDIT SERVICE – ACCRA
7	THE MUNICIPAL CHIEF EXECUTIVE	KWABRE EAST MUNICIPAL ASSEMBLY- MAMPONTENG
8	THE MUNICIPAL CO-ORD. DIRECTOR	KWABRE EAST MUNICIPAL ASSEMBLY- MAMPONTENG

INTRODUCTION

The Internal Audit Unit (IAU) of Kwabre East Municipal Assembly conducted audit review of HR/Payroll Management, Handing over notes and Procurement/project Management in compliance with Section 16 Subsection 3 and 4 under Part II of the Internal Audit Agency Act, 2003, (ACT 658), Section 83 Subsection 7 of the Public Financial Management Act, 2016 (ACT. 921) and Section 175 Subsection 4 (b) of the Local Governance Act, 2016 (ACT 936).

The purpose of the audit was to provide an independent, objective assurance and consulting services to add value for the improvement of the effectiveness and efficiency of risk management, governance and internal control processes to improve upon the overall operations of the Assembly.

BACKGROUND

Kwabre East Municipal Assembly exists to create wealth and development through effective and efficient service provision to ensure that Assets and Resources were safeguarded for sustainable development. The Internal Audit Unit was to provide an independent, objective assurance and consulting services design to add value for the improvement of the effectiveness and efficiency of risk management, governance and internal control processes to improve upon the overall operations of the Assembly.

The thrust areas audited was in accordance with the approved Risk-Based Internal Audit Annual Work Plan and Budget for the year 2025.

EXECUTIVE SUMMARY

This section was intended to provide audit perspective, and highlights on a summarized basis the significant findings as follows; Failure to Complete the Supply and Installation of Plant by Osmed Plus Company Limited, Payment for Goods not Delivered, Staff Posted out of Kwabre Municipal Assembly whose names still Appears on ESPV. (Unknown and Missing Staff), Absence of Human Resource Management Information System (HRMIS) Platform and database in Kwabre Municipal Assembly.

SCOPE OF WORK

The scope of audit included the review and assessment of all records and processes relevant to Kwabre East Municipal Assembly's HR/Payroll Management, procurement/project management and Handing over notes for the period 1st January to 31st March, 2025.

We also reviewed how well the internal control measures put in place were complied with by management.

AUDIT OBJECTIVES

The objectives of the audit were to assess the adequacy of the internal controls, policies, regulations and procedures implemented by management to mitigate risk relating to HR/Payroll Management, procurement/project management and Handing over notes, as follows;

1. To verify and ascertain that the name of employees on Electronic payment voucher (ESPV) are staff of the Assembly.
2. To ensure that the name of leavers do not remain in the Assembly Electronic payment voucher (ESPV).
3. To assess the level of procurement/project management procedures are followed and executed according to specification
4. To ascertain the level of arrear or commitments of the Assembly as at 31 December, 2024.

APPROACH AND METHODOLOGY

The audit was conducted using the risk-based approach where the riskiest areas were considered to include;

1. Inspection of human resource management documentations
2. Physical verification of Assets
3. Interviews of key personnel.

4. Vouching of financial documents

Accordingly, the audit findings were developed based on the five attributes of criteria, condition, cause, effect as well as recommendation. Responses from management, where appropriate were incorporated in this report.

The audit was conducted in accordance with the International Standards for the professional practice of internal Auditing and the applicable laws and regulations of Ghana.

KEY MANAGEMENT PERSONNEL

S/No.	NAME	DESIGNATION	PERIOD IN OFFICE
1.	HON. OPOKU AGYEMAN BONSU	MUNICIPAL CHIEF EXECUTIVE	7 OCT. 2021 TO 31 JAN. 2025
2	MR. FRANCIS KYEI	MUNICIPAL CO-ORD. DIRECTOR	5 JUNE 2024 TO DATE
3	MR, DANIEL K. AGYEMANG	MUNICIPAL FINANCE OFFICER	28 FEB. 2022 TO DATE
4	MR. JOSHUAH AGYEI BOATENG	MUNICIPAL BUDGET ANALYST	MARCH, 2024 TODATE
5	ABIGAIL MAGTI	MUNICIPAL PLANNING OFFICER	18 FEB. 2021 TO DATE
6	ERIC OPPONG AGYEMANG	MUNICIPAL WORKS ENGINEER	2 JAN. 2019 TO DATE
7	JOSEPH AWUSI	MUNICIPAL PROCUREMENT OFFICER	28 DEC.2023 TO DATE
8	MOHAMMED ABDUL-AZIZ	MUNICIPAL H.R. MANAGER	16 MAR.2021 TO DATE

AUDIT TEAM

The following Auditors conducted the first quarter of 2025 audit:

1. John K. N. Okrah -Director of Internal Audit (Team Leader)
2. Agyemang Pambour Stephen -Senior Internal Auditor (Member)
3. Evans Kodua Tweneboah -Assistant Internal Auditor (Member)
4. Josephine Sarfowaa Kyei - Assistant Internal Auditor (Member)
5. Adu Sarfo Philip - Assistant Internal Audit Trainee (Member)

SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS

1. Failure to Complete the Supply and Installation of Plant by Osmed Plus Company Limited in accordance with Contract Agreement

I therefore wish to urge management as a matter of serious concern to ensure that the Supplier comes back to site to complete the outstanding works not done within two weeks from today and hand over the project to the Assembly properly.

Failure on the part of the Supplier to do as stated above within the stipulated period, management should invoke the agreement by requesting the Supplier to refund the unexecuted portions of the contract.

I fervently hope that Management would act swiftly by ensuring that the Supplier execute the outstanding portions of the contract without fail.

2. Payment for Goods not delivered

We recommended to Management to take immediate steps to retrieve the unsupplied water closet from VIFEEGIN ENTERPRISE or Municipal Works Engineer who supervised the work and install it by close of work on Friday, 11th April, 2025.

Failure to do so or comply with this directive, the cost of **Seven hundred and fifty Ghana Cedis (750.00)** been the cost of one water closet as stated on the supplier's invoice be recovered from the supplier, VIFEEGIN ENTERPRISE at the elapse of the stated date above without any further delay.

3. Staff Posted out of Kwabre Municipal Assembly whose names still Appears on ESPV. (Unknown and Missing Staff)

We recommended to Management to ensure that the Human Resource department write to notify the Controller and Accountant General's Department to rectify the anomaly.

4. Absence of Human Resource Management Information System (HRMIS) Platform and database in Kwabre Municipal Assembly

We recommended to Management as a matter of urgency to ensure and insist on the usage of the HRMIS platform by the Human Resource department.

DETAILED FINDINGS AND RECOMMENDATIONS

Finding 1: Failure to Complete the Supply and Installation of Plant by Osmed Plus Company Limited

Criteria

In accordance with Regulation 78 of Public Financial Management Regulations, 2019 (L. I 2378), “A Principal Spending Officer of a covered entity is personally responsible for ensuring in respect of each payment of that covered entity;

- a. The validity, accuracy and legality of the claim for the payment
- b. That evidence of services received, certificates for work done and any other supporting documents exist.

Further, Regulation 80 of Public Financial Management Regulations, 2019 (L. I 2378), “A Principal Spending Officer shall as a condition for certifying completion of works and large-scale supply of goods, inspect the physical output of the works and supplies in the field.

Condition

You would recall that, Notification of award was given for the Supply and Installation of Plant for Kwabre East Municipal Assembly Main block and Accounts block on **5th December, 2024 to Osmed Plus Company Limited** to be completed in **one (1) month** at a contract sum of **Two Hundred Thousand Ghana Cedis Only (GH¢ 200,000.00)**

Per paragraph three (3) of the Notification of Award letter, states a sanction to be meted out to the Supplier in case he defaults that reads, I quote ‘**You are hereby instructed to proceed with the necessary action for the Supply and Installation of Plant. The contract could be terminated if found to be of low quality or unnecessary delayed**”

Cause

It is worrying to note that, up till **19 March, 2025**, after three months, the Installation works have not been completed but management continue to look unconcern even though the contract sum had been fully paid to the Supplier

**dated on 17 December, 2024 with payment voucher number
KEMA/IGF/ASSETS/DEC/24/05/KB.**

Effect

The above could to financial lost to the Assembly as full benefits and purpose of the procurement and installation of the plant would achieved.

Further, the plant is also to theft and the mercy of the weather without a gate at the entrance, plastering, unsecured and unprotected cables on top of Health Administration block.

Recommendation

We therefore wish to urge management as a matter of serious concern to ensure that the Supplier comes back to site to complete the outstanding works not done within two weeks from today and hand over the project to the Assembly properly.

Failure on the part of the Supplier to do as stated above within the stipulated period, management should invoke the agreement by requesting the Supplier to refund the unexecuted portions of the contract.

I fervently hope that Management would act swiftly by ensuring that the Supplier execute the outstanding portions of the contract without fail.

Management Response

Recommendation well noted. The supplier has assured management to finish outstanding works by April 28th, 2025.

FINDING 2. *Payment for Goods not delivered*

Criteria

In accordance with Regulation 78 of Public Financial Management Regulations, 2019 (L. I 2378), “A Principal Spending Officer of a covered entity is personally responsible for ensuring in respect of each payment of that covered entity;

- a. The validity, accuracy and legality of the claim for the payment
- b. That evidence of services received, certificates for work done and any other supporting documents exist.

Further, Regulation 80 of Public Financial Management Regulations, 2019 (L. I 2378), “A Principal Spending Officer shall as a condition for certifying completion of works and large-scale supply of goods, inspect the physical output of the works and supplies in the field.

Condition

On the 29th January, 2025, with payment voucher number 01/02/25, an amount of **Nine Thousand, eighty hundred and twelve Ghana cedis (GH¢9,812.00)** was paid to VIGEEGIN ENTERPRISE to supply plumbing materials for the maintenance of all damaged plumbing works at the Accounts Department.

It was established during our audit review that Four (4) Water Closets were request and paid for at a unit cost of Seven Hundred and Fifty Ghana Cedis (GH¢750.00) but only three (3) were supplied and installed leaving one (1) uninstalled.

Cause

Probably, the intention of the Supplier was to divert the one not supplied for His personal gains.

Effect

The above act would deny the users a befitting sanitary facility which can lead to outbreak of diseases and infections. Further, it could lead to loss of funds to the detriment of the Assembly.

Recommendation

We recommended to Management to take immediate steps to retrieve the unsupplied water closet from VIFEEGIN ENTERPRISE or Municipal Works Engineer who supervised the work and install by close of work on Friday, 11th April, 2025.

Failure to do so or comply with this directive, the cost **Seven hundred and fifty Ghana Cedis (750.00)** for one water closet as stated on the supplier's invoice be recovered from the supplier, VIFEEGIN ENTERPRISE at the elapse of the stated date above without any further delay.

Management response

Observation well noted. However, I wish to state that the supplier supplied all but one had its cistern broken and it is available for your inspection.

FINDING 3. Staff Posted out of Kwabre Municipal Assembly whose names still Appears on ESPV. (Unknown and Missing Staff)

Criteria

Regulation 90 sub-regulation 4 (a), (b) and (c) of Public Financial Management Regulations, 2019 (L.I 2378) requires that; the validation referred to sub-regulation 2 is to ensure that

- (a) Only employees belonging to the Unit are on the salary payment voucher;
- (b) In the case of employees who are on posting or transfer out of the office, the name is declared unknown for steps to be taken to suspend the employees from the payroll
- (c) Employees who are at post but whose names are not found on the salary payment voucher, are declared missing for steps to be taken to reinstate the employee concerned onto the payroll.

Condition

During the audit of the Electronic Salary Payment Voucher (ESPV) of the Assembly it was revealed that there are some staff posted out of the Assembly whose names are still on the Assembly payment voucher and those who are currently working with the Assembly names are not on the payment voucher.

Details below

S/No	PAYMENT VOUCHER	No. OF EMPLOYEES LISTED	No. OF EMPLOYEES UNKNOWN	No. OF EMPLOYEES MISSING	REMARKS
1	Administration	58	14	27	
2	Agric Dept	10	1	7	
3	Env. Health	16	2	9	
4	Planning Office	3	3	4	
5	Soc. Welf & Comm devpl.	13	3	4	
6	Works dept	7	1	12	

Cause

This is as result of failure on the part of the Human Resource Manager to write to notify the Controller and Accountant Generals Department to remove the Unknown staff from the payment voucher and replace them with the missing staff.

Effect

This has resulted in the Electronic Salary Payment Voucher (ESPV) of the Assembly not showing the true picture of the staff of the Assembly giving wrong impression of the strength of staff of the Assembly.

Recommendation

We recommended to Management to ensure the Human Resource department write to notify the Controller and Accountant General's Department to rectify the anomaly.

Management Response

Management would follow up on a letter sent to the Regional Co-ordinating Council to be forwarded to Controller and Accountant General's Department to effect the changes.

Finding 4. Absence of Human Resource Management Information System (HRMIS) Platform and database in Kwabre Municipal Assembly

Criteria

The Head of Local Government Service launched the service's Human Resource Management Information System (HRMIS) database on the 4th March, 2014 to contribute to the improvement in the performance and quality of service delivery with the particular focus for effective human resource management.

The database is to enable the MMDAs to make effective and efficient human resource management decisions based on credible, reliable, and dependable data emanating from the local levels.

The HRMIS would ensure streamlining and standardizing of the Human Resource processes such as entry, promotion, exit, accurate forecasting into the future workforce planning in terms training and development, performance management, payroll management time and attendance management and reporting.

Condition

During the HR and staff audit, it was revealed that the Kwabre East Municipal Assembly does not have Human Resource Management Information System (HRMIS) platform or database in place.

Cause

The absence of a Human Resource Management Information System (HRMIS) platform database is as a result of

Effect

Without the HRMIS platform and database, employees and human resource management becomes difficult as salary levels, points, grades and gross salary cannot be determined.

Absence of HRMIS can lead to training and development and promotions gaps of employees.

Recommendation

We recommended that as a matter of urgency ensure that Management insist on the usage of the HRMIS platform for the Human Resource department.

Management Response

A reminder has been sent to the Regional Co-ordinating Council to give us copy of the HRMIS for as to restore the system.

CONCLUSION

The Assembly has generally HR/Payroll management system in place, with some opportunities for improvement. Our audit revealed that, the Assembly has implemented adequate controls over HR/Payroll management, procurement/project management. However, we identified some areas that require the attention of Management to enhance the efficiency, effectiveness and compliance of HR/Payroll Management and procurement/project management processes.

We therefore urge management to implement all the above recommendations to ensure the efficient and effective running of the Assembly.

ACKNOWLEDGEMENT

We wish to express our sincere gratitude to Management and staff of the Kwabre East Municipal Assembly for their support and co-operation they accorded the audit team throughout our audit.

JOHN K. N. OKRAH
(DIRECTOR OF INTERNAL AUDIT)